

Message Text

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ACTION PM-04

INFO OCT-01 NEA-10 ISO-00 NSC-05 SP-02 SS-15 L-03 H-02

CIAE-00 INR-07 NSAE-00 MC-02 OMB-01 AID-05 IGA-01

TRSE-00 /058 W

----- 104055

R 111410Z NOV 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 6117

INFO SECDEF WASHDC

USCINCEUR

C O N F I D E N T I A L SECTION 1 OF 2 AMMAN 8686

FROM THE AMBASSADOR

E.O. 11652: GDS

TAGS: MASS JO

SUBJECT: FY 1976 AND 1975 MILITARY SECURITY

REF: STATE 258224

THE FOLLOWING IS SUBMITTED AS REPLY TO QUESTIONS IN
PARA 5 OF REFTEL.

A. YES. GOJ ACCEPTS FULL DOLS 75 MILLION
FMS CREDIT. WE BELIEVE, GIVEN THE SPECIAL CIRCUM-
STANCES UNDER WHICH CREDIT IS PROVIDED TO JORDAN,
THAT GOJ CAN GET THIRD-PARTY ASSURANCES TO REPAY THE
FULL VALUE OF THE PROPOSED LOAN. KING HUSSEIN AND
PRIME MINISTER RIFAI HAVE BOTH INDICATED THEY ARE
PLEASED WITH THE INCREASED FMS CREDIT LEVEL OF
DOLS 75 MILLION. THEY ALSO UNDERSTAND THAT CONSUMMA-
TION OF THE FMS CREDIT AGREEMENT IS CONTINGENT ON
SAUDI OR OTHER THIRD-COUNTRY FINANCIAL BACKING, WHICH
THEY INTEND TO SEEK AS SOON AS APPROPRIATE.

B. EQUIPMENT QUANTITY TOTAL COST (DOLS MILLION)

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T-37 AIRCRAFT & SPARES 10 6.8

F-5E M.T.S.	1	3.0
F-5A ENGINE	4	.8
HOWITZER, 155 MM (SP)	36	14.6
HOWITZER, 8 IN (SP)	16	6.9
RECOVERY VEH, M88A1	4	2.2
ARMOR REBUILD MACHINERY LOT		8.0
APC, M113A1	100	8.4
TANK M48A5	55	20.4
PCH&T		3.9
TOTAL		75.0

TO MAINTAIN A MINIMUM LEVEL OF FORCES CAPABLE OF DEFENDING AGAINST POTENTIAL ATTACKS ON THREE SIDES, A HIGHLY MOBILE FORCE SUPPORTED BY AIRCRAFT AND TRACKED VEHICLES IS REQUIRED. A LARGE PORTION OF EQUIPMENT ON HAND IS BECOMING OBSOLESCEMENT, REQUIRING HEAVY USE OF O&M FUNDS. NEW EQUIPMENT WILL ESSENTIALLY REPLACE OLD EQUIPMENT AND WEAPONRY AND THEREBY RELEASE MANPOWER AND FUNDS FOR HIGHER PRIORITY REQUIREMENTS. SPECIFICALLY, THE T-37 AIRCRAFT WILL BE USED TO ENHANCE THE RIAF TRAINING EFFORT NECESSARY TO ATTAIN AN AUSTERE PILOT-TO-AIRCRAFT RATIO OF 1.5 TO 1.0.

F-5E MOBILE TRAINING SET AND F-5A ENGINES ARE NECESSARY TO TRAIN MECHANICS AND PROVIDE REPLACEMENT ENGINES FOR THE F-5A/B FLEET MOST OF WHICH IS RELATIVELY OLD AND CAME AS A GIFT FROM IRAN.

TANKS, APC'S, SP'S AND RECOVERY VEHICLES ARE REQUIRED TO FILL TO/E'S AND FULLY MECHANIZE PLANNED 4 DIVISION FORCE.

ARMOR REBUILD PRODUCTION EQUIPMENT WILL BE USED TO COMPLETE MACHINE TOOL REQUIREMENTS OF ARMOR REBUILD DEPOT UNDERGOING A AND E CONCEPT STUDY BY US ARMY CORPS OF ENGINEERS.

C. MILITARY REQUIREMENT IS CONSISTENT WITH REPORT OF US DOD FACT FINDING TEAM TO JORDAN IN APRIL-MAY 1973.
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D. TO MAINTAIN A SMALL, MIBILE FORCE CAPABLE OF DEFENDING AGAINST POTENTIAL THREATS OF GREATER MAGNITUDE CONTINUAL UPGRADING OF DEFENSE EQUIPMENT IS REQUIRED. FMS CREDIT CANNOT BE FUNDED BY CURRENT OR PROJECTED GOJ BUDGET WITHOUT A SERIOUS AND SIGNIFICANT IMPACT; THEREFORE, WE HAVE INSISTED ON HAVING THE CREDIT REPAID BY A THIRD PARTY AS WAS DONE

LAST YEAR.

E. PROPOSED FMS CREDIT EQUIPMENT IS COMPLETELY COMPLEMENTARY TO GRANT MATERIEL AND TRAINING PROGRAMS. OUR POLICY IS TO SHIFT INCREASINGLY FROM MAP GRANT TO FMS CREDIT ASSISTANCE (WITH THIRD-PARTY BACKING). THE FACT OF THIRD-PARTY BACKING FOR FMS CREDIT MEANS THAT JORDAN WITH ITS FRAGILE ECONOMY AND CHRONIC BUDGET DEFICIT ACTUALLY ENJOYS GRANT AID, WITH JORDAN'S OIL-RICH NEIGHBORS RATHER THAN THE USG BEARING THE MAJOR FINANCIAL BURDEN. WE RECOMMEND HOWEVER TO RETAIN A SIGNIFICANT ALTHOUGH DIMINISHING LEVEL OF DIRECT GRANT ASSISTANCE ON OUTYEARS IN ORDER TO PROTECT OUR BILATERAL POLITICAL INFLUENCE AND AVOID TOTAL JORDANIAN RELIANCE ON ARAB AID SOURCES WHICH WOULD PROBABLY FALL BACK ON THE US IN THE EVENT OF A SUDDEN OR UNEXPECTED CUT-OFF SUCH AS TOOK PLACE WITH BUDGET SUPPORT FROM SOME ARAB COUNTRIES IN 1970.

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C O N F I D E N T I A L SECTION 2 OF 2 AMMAN 8686

F. THE SAME POLICY CONSIDERSTIONS THAT UNDERLIE OUR GRANT ASSISTANCE PROGRAM ALSO APPLY TO OUR PROVISIONS OF CREDIT ASSISTANCE. THESE RELATE TO OUR SUPPORT FOR THE JORDANIANS GOVERNMENT AS A FORCE FOR PEACE AND MODERATION IN THE AREA--POLICIES THAT SERVE US INTERESTS AND OBJECTIVES IN THE MIDEAST. JORDAN'S

ABILITY TO KEEP TRANQUIL BORDERS AND TO MAINTAIN A REASONABLY INDEPENDENT AND PEACEFUL STANCE IS DIRECTLY RELATED TO ITS ABILITY TO REMAIN STRONG IN COMPARISON TO TWO OF ITS IMPORTANT NEIGHBORS--SYRIAN AND IRAQ.

OUR CREDIT PROGRAM HAS BEEN ESTABLISHED AS A MEANS OF PROVIDING ADDITIONAL RESOURCES TO RESPOND TO JORDAN'S HEAVY MILITARY REQUIREMENTS IN THE FACE OF FAR HIGHER LEVELS OF ARMAMENTS BY ITS NEIGHBORS. THE CREDIT PROGRAM ALSO REFLECTS OUR RECOGNITION OF US CONGRESSIONAL ATTITUDES FAVORING A DE EMPHASIS ON THE USE OF GRANT US MILITARY ASSISTANCE. THE REQUIREMENTS OF THIRD PARTY BACKING OF FMS CREDIT FOR JORDAN ALSO REFLECTS OUR INTEREST IN SPREADING A SHARE OF THE FINANCIAL BURDEN TO JORDAN'S OIL RICH NEIGHBORS WHO ARE PRESENTLY BEST ABLE TO PROVIDE FINANCING.

SPECIFICALLY, THE INCREASE IN FMS CREDIT FROM
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DOLS 30 MILLION IN FY 75 TO DOLS 75 MILLION IN FY 76 REPRESENTS A SUG ATTEMPT TO RESPOND PARTIALLY TO A GOJ REQUEST FOR AN INCREASE IN MILITARY ASSISTANCE IN SEPTEMBER 1975, BASED ON A DOLS 1.1 BILLION LIST OF NEW MILITARY REQUIREMENTS BY THE JORDANIANS ARMED FORCES IN THE FACE OF THE BUILD UP OF ARMAMENTS IN NEIGHBORING COUNTRIES.

G. JORDAN'S LEVEL OF ARMAMENTS IS SO FAR BEHIND THAT OF ITS NEIGHBORS AND PRINCIPAL THREATS THAT THE LEVEL OF CREDIT RECOMMENDED WOULD NOT CONTRIBUTE SIGNIFICANTLY TO AN ARMS RACE OR CHANGE THE REGIONAL ARMS BALANCE IN ANY IMPORTANT WAY.

H. CREDIT IS PROVIDED AS A MEANS OF PROVIDING ADDITIONAL ASSISTANCE TO JORDAN FOR PURCHASE OF US EQUIPMENT, WITH JORDAN'S OIL RICH NEIGHBORS BEARING THE MAJOR FINANCIAL BURDEN BY PACKING THE LOAN. CREDIT IS PROHIBITED BECAUSE IT IS BELIEVED THAT JORDAN'S OIL RICH NEIGHBORS THROUGH THE KHARTOUM AND RABAT SUBSIDIES AND THE FINANCING OF JORDAN'S AIR DEFENSE SYSTEM AND OTHER AD HOC PROJECTS ARE ALREADY EXTENDING MAXIMUM GRANT ASSISTANCE AND WOULD BE UNLIKELY TO PROVIDE ADDITIONAL GRANTS OF DOLS 75.M, ALTHOUGH THEY WOULD BE MORE MENDABLE TO PROVIDE THE AID BY REPAYING DOLS 75 M OVER AN EIGHT TO TEN YEAR PERIOD, A CONSIDERABLY SMALLER SUM PER YEAR. INCE THE ENVISAGES CREDIT TERMS WILL BE AT NO LESS THAN COSTS OF MONEY TO THE USG AND COULD BE AT COMMERCIAL RATES UNDER A US GUARANTEE THERE IS NO INTENT TO INTRODUCE AN

ELEMENT OF CONCESSIONALITY
TO THE WEALTHY BACKS FOR FMS
CREDIT FOR JORDAN.

I. THE ECONOMIC EFFECT ON JORDAN OF THE REPAYMENT
OBLIGATION WILL BE NIL INASMUCH AS THE CREDIT WILL
BE PAID BY WEALTHY THIRD COUNTRIES AS MENTIONED ABOVE.

J. JAF HAS PURCHASED 28 USED BRITISH CENTURIAN
TANKS FOR DELIVERY IN NOVEMBER 1975, AND 700 LAND
ROVERS, 500 OF WHICH WERE DELIVERED IN FY 75. THE
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REMAINING 200 ARE SCHEDULE FOR DELIVERY IN CY76.
ESTIMATED TOTAL COST OF BOTH PURCHASES IS DOLS 1.3
MILLION. APPROXIMATELY DOLS 600 MILLION FOR AIR
DEFENSE WEAPONS, 14 BATTERIES OF I-HAWK AND 100
VULCAN GUNS PLUS ASSOCIATED EQUIPMENT ARE ESPECTED
TO BE FINANCED BY SAUDI ARABIA OVER THE NEXT FEW YEARS.
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